



# County of Fairfax, Virginia

## NEWS RELEASE

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### **Fairfax County Board of Supervisors Completes Fiscal Year 2008 Budget Mark-up**

On April 23, 2007, the Fairfax County Board of Supervisors marked up the proposed fiscal year 2008 budget, which begins on July 1, 2007. Formal adoption of the budget is scheduled to take place April 30, 2007.

When presenting the Board's Budget Mark-Up package, Board Budget Chair Sharon Bulova noted, "The Board of Supervisors must be very cautious due to the current rebalancing of the real estate market. Lest we forget, the last time we had a market correction, it lasted for nine years. While we anticipate this adjustment will be of shorter duration, the County must not build the base budget beyond a level that can be sustained by the current declining market."

Supervisor Bulova's caution is based on updated revenue projections showing current year revenue stagnant and a worsening trend for FY 2009; therefore, the Board would not want to take on additional expenditures that may have to be cut the following year. Through the first quarter of 2007, residential equalization (the reassessment of existing property) is down. Since real estate taxes comprise approximately 60 percent of General Fund revenues and property assessments based on calendar year 2007 sales will form the basis for FY 2009 real estate tax revenue, overall revenue growth could be even lower than the 1.86 percent increase previously forecast. While acknowledging a number of worthwhile consideration items proposed for the FY 2008 budget, she stated that given the potential fiscal situation for the next few years, none could be funded at this time.

Prior to marking up the FY 2008 fiscal plan, the Board of Supervisors approved the *FY 2007 Third Quarter Review*. As part of this quarterly review, the Board's largest adjustment involved using the available balance of \$6 million, as well as \$21 million identified as part of the *FY 2006 Carryover Review*, to close the gap between projected revenues and expenditures for FY 2008 and leaving a minimal balance of \$0.43 million for board consideration as part of the FY 2008 budget. In addition, the Board directed County Executive Anthony H. Griffin to identify and redirect funding of \$500,000 from current appropriations as a one-time contribution to the Center for Multicultural Human Services (CMHS). CMHS is an essential provider of multicultural mental health and social services in the County and the region.

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This one-time contribution will help stabilize CMHS' finances in light of unanticipated delays in grant and other revenue availability in order to ensure that the Center remains a viable provider of much-needed mental health services in Fairfax County, pending federal, state and local funding solicitation opportunities.

The FY 2008 plan marked up by the Board of Supervisors provides for a balanced budget based on General Fund Revenue growth of 2.34 percent over the *FY 2007 Revised Budget Plan* and 2.34 percent over the *FY 2007 Adopted Budget Plan*. Total General Fund Disbursements are projected to total \$3.3 billion, an increase of \$28.41 million or 0.86 percent over the *FY 2007 Revised Budget Plan*. Excluding adjustments in the current fiscal year, the actual increase over the FY 2007 level is \$103.73 million or 3.23 percent over the *FY 2007 Adopted Budget Plan*. Of the increase over the *FY 2007 Adopted Budget Plan*, approximately \$66.97 million or 64.6 percent is associated with increased funding for Fairfax County Public Schools, while funding for new facilities and public safety account for approximately 11.2 percent of the increase. Only one Consideration Item, reducing the Social Security Offset Multiplier for the Uniformed and Employee Retirement Systems from 64 percent to 40 percent, is funded through utilization of the relatively small balance held for board consideration as part of *FY 2007 Third Quarter Review*. This item was a high priority for many County employees.

Despite a small decrease in overall residential assessments, the Board of Supervisors maintained the real estate tax rate at \$0.89 per \$100 of assessed value. Fairfax County is one of only a few localities in Northern Virginia that has not raised its real estate property tax rate to make up for declining residential assessments. The reduction of \$0.34 in the tax rate from \$1.23 to \$0.89 between FY 2002 and FY 2007, and maintained in FY 2008 reflects the ongoing commitment of the Board to alleviating the burden on the homeowner in the face of rising assessments during the last six years, while protecting the investment in the community and County services valued by citizens. The average taxpayer will actually pay \$16 less in real estate taxes in FY 2008 than in FY 2007 as a result of the decline in the average assessed value from \$544,541 to \$542,744. Taxpayers also continue to benefit from the elimination of the motor vehicle decal and motor vehicle decal fee.

The budget reflects targeted investments in the Board's priorities including education, public safety and transportation. Of particular note is the commitment to domestic violence, wildlife management, especially in light of the recent rise in Lyme disease cases, environmental initiatives and a refocusing of revitalization efforts in the County.

Despite lower revenue growth than originally forecast, the Board maintained its commitment to fund a 3.5 percent increase in the transfer to Fairfax County Public Schools (FCPS) in addition to \$8 million for the second phase of the *Initiatives for Excellence*. This results in a total increase to FCPS of 4.0 percent. The prioritization of education needs over other sectors of the budget required a 2 percent across-the-board reduction or \$16 million in County agency

compensation budgets and restricted spending in all other areas. In order to meet this lower targeted spending level, County agencies will be required to hold positions vacant, thereby further stretching existing staff to perform more with less.

The Board of Supervisors also requested that FCPS review available resources and reserves, as well as potential spending reductions to address the shortfall of \$17.0 million between County funding and the Schools' transfer request. As the Board of Supervisors discussed during the July 2006 meeting with the School Board, the Board of Supervisors is fully supportive of the initiative to implement full-day kindergarten in every elementary school in the County, but the realities of the current revenue situation and the likelihood that revenues will be stagnant for the next several years mean that the implementation schedule for full-day kindergarten may need to be revised to reflect these limited resources. The Board of Supervisors reiterated its support for this initiative and other initiatives, such as revised school start times and consolidation of School and County services for more efficient service delivery. They noted that these issues should be topics of discussion for future Board of Supervisors/School Board meetings.

Another area of concern is the critical nature of the impact of state funding reductions on the Child Care Assistance and Referral (CCAR) program. The Board of Supervisors directed County staff to continue to address options for CCAR including identifying available balances in FY 2007 and FY 2008, as well as other sources of funding, and to continue to maximize savings from the program to help address the gap in funding for FY 2008. At a minimum, staff was directed to identify sufficient and sustainable funding to address the most recent \$2.6 million shortfall in order to restore service to approximately 400 children. Despite state reductions, the level of County funding for this program has remained constant.

As part of the FY 2008 Budget mark-up, the Board of Supervisors maintained its commitment to the Pennies for Affordable Housing and Stormwater Management, with \$22.7 million for each of these essential programs. Based on input from the public, the Board directed County staff to develop policies that guide the application of available affordable housing resources to address the needs of residents including the most needy. Additionally, they provided staff with budget guidelines for FY 2009 that are designed to reflect the ongoing decline in real estate revenue, as well as address various issues the County is facing.

Information on the FY 2008 budget, including revisions made during the April 23, 2007 Budget Mark-up session, is available by calling the Department of Management and Budget at 703-324-2391, TTY 711, as well as on the County's Web site at [www.fairfaxcounty.gov/dmb](http://www.fairfaxcounty.gov/dmb).

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